Phase 3 – Project Development

Phase 3 – Project Development

• Acquisition Planning	Phase 1	
• ESCO Selection	2	
• Preliminary Assessment	2	
• Notice of Intent to Award	2	
• **Request for Proposal**	**3**	
• **Investment-Grade Audit**	**3**	
• **Proposal**	**3**	
• **Task Order Award**	**3**	
• Final Design and Construction	4	
• Project Acceptance	4	
• Post-Acceptance Performance Period	5	

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The Task Order Request for Proposal (TO RFP)

- The TO RFP provides essential guidance to the ESCO for the Investment-Grade Audit (IGA) and proposal development.
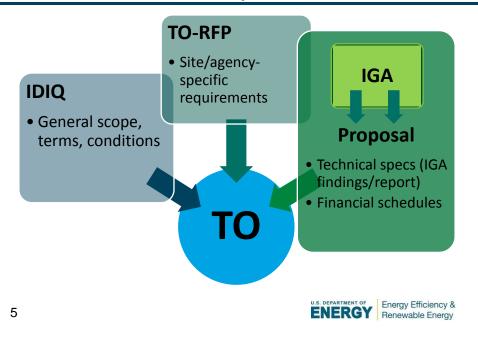

Purpose of the TO-RFP

TO RFP

- Incorporate site-specific requirements into TO by modifying, adding to, or deleting IDIQ contract terms
  - ➤ Many IDIQ clauses call for specifics to be spelled out in TO-RFP
  - ➤ TO-RFP can add requirements not addressed by IDIQ
  - ➤ TO-RFP language supersedes IDIQ language

- Note that one RFP only is issued by the agency to the selected ESCO – resulting in only one proposal
- Your PF will help draft the TO-RFP, using the **Template**
  - ➤ TO-RFP template is on FEMP's ESPC Resources Web page

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IDIQ + TO RFP + Proposal = Task Order

TO-RFP
- Site/agency-specific requirements

IDIQ
- General scope, terms, conditions

IGA

Proposal
- Technical specs (IGA findings/report)
- Financial schedules

TO

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The TO RFP Will Evolve With the Project

- The TO RFP evolves during project development
  - Before the TO RFP is incorporated into the task order, it must be revised to incorporate negotiated changes in the IGA and/or proposal resulting from ongoing discussions (and informal negotiations).

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TO RFP – Lessons Learned and Best Practices

- Keep the ESCO informed of any strong agency preferences – they need to know the deal-breakers

- Teamwork is critical – consult with site support organizations (the hands-on experts) in order to correctly identify site requirements and address them in the TO RFP.

- Don't get bogged down with the TO-RFP. Keep up the project momentum. It's difficult to re-engage team members after long delays

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One Section From TO RFP Template: C.21

C.21   SECURITY REQUIREMENTS
Specify any different or additional site- or agency-specific safety requirements. Consider local process and requirements.

[ ]   IDIQ language is acceptable.
[ ]   IDIQ language is acceptable, with the noted additional requirements.
[ ]   Replace the IDIQ language as noted.

C.21.1 Passes and Badges - All contractor employees shall obtain employee and vehicle badges and passes, as required by the agency, for the specific TO project site prior to the start of on-site work. The agency will issue badges it requires, without charge, and the badges must be worn, clearly visible, by the employees at all times while on site. When an employee leaves the contractor's service, or when access is no longer required, the employee's pass and badge shall be returned in accordance with agency requirements.
 C.21.2 Contractor Vehicles - Each contractor vehicle shall display the contractor's name such that it is clearly visible. The agency may issue vehicle passes as it determines, and these shall also be displayed so as to be clearly visible.
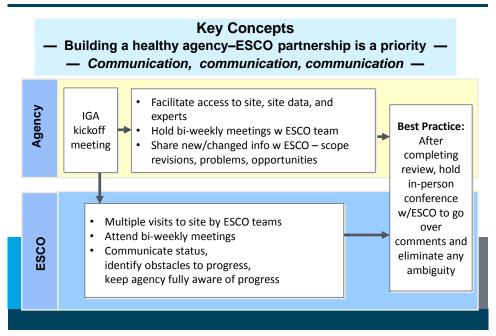C.21.3 Contractor Access to Buildings - It shall be the contractor's responsibility, through the agency, to obtain access to buildings on the TO project site.

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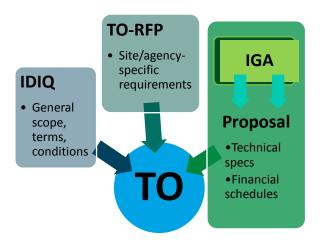
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Investment-Grade Audit (IGA)

Key Concepts
— **Building a healthy agency–ESCO partnership is a priority** —
— *Communication, communication, communication* —

Agency

| IGA kickoff meeting | • Facilitate access to site, site data, and experts
• Hold bi-weekly meetings w ESCO team
• Share new/changed info w ESCO – scope revisions, problems, opportunities |

Best Practice: After completing review, hold in-person conference w/ESCO to go over comments and eliminate any ambiguity

ESCO

• Multiple visits to site by ESCO teams
• Attend bi-weekly meetings
• Communicate status, identify obstacles to progress, keep agency fully aware of progress

The IGA and the Technical Proposal

IGA ≈ Proposal

TO-RFP
• Site/agency-specific requirements

IDIQ
• General scope, terms, conditions

IGA

Proposal
• Technical specs
• Financial schedules

TO

The IGA/IGA report
• augments, refines, and updates the PA data
• establishes energy and O&M baselines

The proposal integrates IGA findings (Technical Proposal) and financial schedules (Price Proposal)

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Best Practices – IGA

- Initiate IGA with a kickoff meeting, and hold continuing bi-weekly agency–ESCO meetings.
- Ask ESCO to identify all site resources required and costs to the site (e.g., for escorts in secure areas) that will be incurred through ESCO performance of the IGA.
- Be open to adjusting the contract term or project scope to ensure that the project best meets the agency's needs.

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Agency Planning Tasks for IGA Kickoff

- Review Preliminary Assessment with staff affected by proposed ECMs
- Share with ESCO, through CO, agency's review of recommended ECMs
- Provide TO RFP to ESCO for pre-meeting review
- Logistics for kickoff meeting
  - ➢ Agenda, schedule, confirmation w/ESCO

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IGA Kickoff Meeting

- Kickoff is hosted by site, facilitated by PF
- A true partnership between the agency and ESCO from this point forward is necessary to develop the best possible project
- Agency should share all relevant information with ESCO
  - ➢ Tell the ESCO what you want
  - ➢ The more detail the ESCO has, the better he can address agency's needs

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Critical Outcomes of Kickoff Meeting

At a *minimum* – the kickoff meeting should ensure that agency and ESCO agree on:

- The schedule going forward
- Buildings included in scope
- Required ECMs
- General O&M approach
- General M&V approach
- Commissioning

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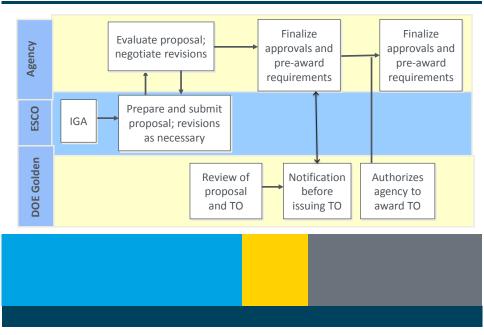U.S. DEPARTMENT OF **ENERGY** | Energy Efficiency & Renewable Energy

Best Practices to Build On Teamwork

- Keep the ESCO and agency on the same page
  - ➢ Provide the ESCO with a checklist and roadmap describing the agency approval process.
  - ➢ Require ESCO to create a milestone chart of proposed contract timeline and due dates.

- (Again, for emphasis)   Maintain continuity and documentation to prevent delays.
  - ➢ Document process, agency decisions, communications with ESCO

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Proposal – Evaluation – Negotiations – TO Award

Agency	Evaluate proposal; negotiate revisions	Finalize approvals and pre-award requirements
ESCO	IGA	Prepare and submit proposal; revisions as necessary
DOE Golden		Review of proposal and TO

Finalize approvals and pre-award requirements

Notification before issuing TO

Authorizes agency to award TO

Proposal: Basis for Negotiating the TO

- The proposal integrates
  - IGA findings (Technical Proposal)
  - Requirements of TO RFP and IDIQ
  - Financial (TO) schedules (Price Proposal)
- Negotiations to achieve agreement on the task order are based on the proposal and any other post-IGA submittals.
- Proposal contents are per IDIQ H.6

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Final Negotiations to TO Award

Negotiations/Reviews:
Proposal ⟶ Task Order

- For the CO, negotiations for a firm-fixed-price ESPC task order are essentially the same as any other price negotiation
  - <u>Review</u> of proposal (revisions as necessary)
  - <u>Revision</u> of TO RFP to capture all negotiated changes
  - <u>Agreement</u> on TO (financial) schedules

- *Remember — no action IS an action*.

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Preparing for Award

- Pre-award requirements met?
  - ➤ Financing and bonding (as required)
  - ➤ Negotiations in good faith
- Contract clearance reviews
- Obtain approvals and complete file documentation with agency procedures
- Get authorization from DOE Golden CO
- Congressional Notification – FAR 17.1
  - ➤ DOE procedure satisfies this requirement: Quarterly notifies Congress of all DOE IDIQ projects in the pipeline that are scheduled for award
  - ➤ Not expected to cause delays

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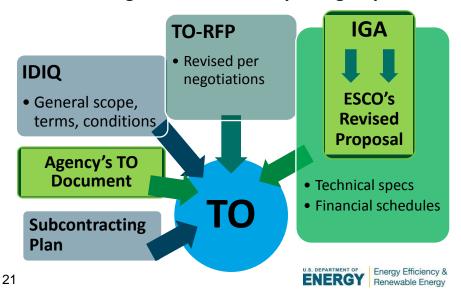U.S. DEPARTMENT OF **ENERGY** | Energy Efficiency & Renewable Energy

Best Practices – Final Negotiations and TO Award

- Know in advance your clear path to award. Know what management, legal, and other reviews are required prior to award. If agency-level review is required, be prepared in advance.
- Update the project schedule to detail the final steps required before TO award. Allow the ESCO adequate time to obtain multiple financing offers (about 2 weeks).
- Be well-prepared for negotiations, having a full understanding of the proposal/IGA, including TO-RFP and IDIQ.

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Award of Task Order

The TO is signed and awarded by the agency CO

TO-RFP
- Revised per negotiations

IGA

ESCO's Revised Proposal

IDIQ
- General scope, terms, conditions

Agency's TO Document

Subcontracting Plan

TO

- Technical specs
- Financial schedules

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Review

Q1: How are site-specific requirements (such as invoicing procedures) made part of the TO?

A: Through the TO-RFP

Q2: Name 3 agenda items for the IGA kickoff meeting.

- Establish milestones and TO award schedule
- Review requirements for submission of proposal (e.g., content, level of detail)
- Review access and security procedures
- Clarify agency/site-specific requirements
- Establish communications protocols
- Introductions of new personnel

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Reviewing and Evaluating the Proposal

— Best Practices and Process

Following are modules on reviewing
- ECMs and Management Approach
- Financial Schedules
- Financing
- Pricing

Key Concept: Review Every Word

Agency Review of Proposal and IGA Findings

- Don't be confused about ESPCs –
  Agency must review <u>every word</u> of contract before awarding:

  Proposal – IGA – TO RFP – IDIQ

- Revisions will likely be necessary before award
  - Agency comment ➡ ESCO response ➡ Resolution
  - Require ESCO to show/track required changes in revised version(s) of proposal

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Process and Best Practices

Coordinating IGA/Proposal Review

- Convene the evaluation team for IGA Proposal Review Workshop.

- Assign review of each section of the proposal to a team member having the appropriate expertise.

- Establish process and schedule with team and ESCO.

- Make a plan, and set aside focused review time.

- Assign appropriate priority and resources to review tasks.

- *(Note: Some experienced COs say the best strategy is to put all the reviewers in a room and get them to agree to stay there until the review is completed.)*

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Process and Best Practices

Handling review comments and changes

- Document evaluation team's comments and requests for changes.

- Make sure required changes are agreed to and transcribed into the TO and/or documented in file.

- Require ESCO to show/track required changes in revised version(s) of proposal.

- Include documentation of comments, responses, and resolutions as an attachment to the task order.

- Deliver review to ESCO on schedule.

- Use your PF and FEMP ESPC resources.

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Critical Outcomes of Review –

Don't Proceed To Award Without Them.

- Proposed energy consumption baselines and fixed parameters for calculating savings are sound.

- Guaranteed savings from ECMs are reasonable, given analysis of assumptions and savings received on similar projects.

- The RRPM is consistent with project scope of work and pricing in the IGA/proposal.

- All stakeholders understand the RRPM and the details of any agency performance-period responsibilities, and needed resources are committed.

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Review

Q3: What activity establishes the baselines?

A: The investment-grade audit (IGA)

Q4: What are the 3 main parts of the TO award?

A: IDIQ, TO-RFP, and Proposal.

Q5: Will the TO-RFP require revision before the final award?

A: Yes

Q6: Who has the authority to award the task order?

A: The Agency CO

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Next: ▶ **Reviewing the "Technical Proposal" — ECMs and Management Approach**

Lassen National Park Visitors Center

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